

103 KAR 16:145. Apportionment and allocation; barge line companies.

RELATES TO: KRS 141.120

STATUTORY AUTHORITY: KRS Chapter 13A

NECESSITY, FUNCTION, AND CONFORMITY: This administrative regulation, under authority of KRS 141.120(10)(b), specifies how the factors for apportioning the income of interstate barge lines are to be determined.

Section 1. General. (1) For taxable years beginning before August 1, 1985, business income of a multistate corporate barge line shall be apportioned to Kentucky by multiplying the income by a fraction, the numerator of which is the sales factor plus the property factor plus the payroll factor, and the denominator of which is three (3). For taxable years beginning after July 31, 1985, business income of a multistate corporate barge line shall be apportioned to Kentucky by multiplying the income by a weighted fraction, the numerator of which is the weighted sales factor (fifty (50) percent) plus the weighted property factor (twenty-five (25) percent) plus the weighted payroll factor (twenty-five (25) percent), and the denominator of which is four (4).

(2) Nonbusiness income shall be allocated to Kentucky pursuant to KRS 141.120(3) through (7) and 103 KAR 16:060.

Section 2. Sales Factor. Sales means all gross receipts of the taxpayer not allocated as nonbusiness income. The sales factor is a fraction, the numerator of which is operating income assigned to Kentucky plus receipts assigned to Kentucky under KRS 141.120(8)(c) and the denominator of which is total operating income plus total receipts assigned under 141.120(8)(c). Operating income is assigned to Kentucky as follows: total operating income shall be multiplied by a fraction, the numerator of which is the miles operated in Kentucky and the denominator of which is total miles operated. Miles operated in Kentucky shall be (fifty (50) percent) of the miles operated on the Ohio River, the Big Sandy River and Mississippi River adjacent to Kentucky shoreline plus all miles operated on other inland waterways within Kentucky. "Mile operated" means each barge, tug or other watercraft moved one (1) mile.

Section 3. Property Factor. The property factor is a fraction, the numerator of which is the average value of real or tangible property situated in Kentucky that is owned and used and/or leased and used. The denominator is the average value of all real or tangible situated property that is owned and used and/or leased and used everywhere. The average value of tangible situated property shall be determined under the provisions of KRS 141.120(8)(a). The value of watercraft and other floating property shall be excluded from the property factor.

Section 4. Payroll Factor. The payroll factor shall be determined under the provisions of KRS 141.120(8)(b). (15 Ky.R. 691; eff. 9-22-88; Am. 20 Ky.R. 2877; 3193; eff. 5-18-94.)